



# Sam Brownback

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## News Release

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## **BROWNBACK CRITICIZES HOUSE FOR ALLOWING CHAPTER 12 BANKRUPTCY PROTECTION TO EXPIRE**

WASHINGTON -- U.S. Sen. Sam Brownback today criticized the House of Representatives for harming Kansas farmers by failing to join the Senate in extending Chapter 12 bankruptcy protection for the next nine months. He also called on his colleagues to make Chapter 12 a permanent part of the bankruptcy code.

"I am extremely disappointed that Chapter 12 of the bankruptcy code was not given a nine-month extension by the House of Representatives," Brownback said. "The Senate overwhelmingly approved this extension which will protect family farmers by enabling them to reorganize their debts and keep their land during these times of economic hardship.

"Farmers in Kansas and across the country are experiencing cash flow problems associated with low commodity prices. U.S. Dept. of Agriculture has reported that farm income is down for the second year in a row.

"I will be looking at legislation that will reinstate Chapter 12 into our bankruptcy code permanently. Farmers should not have to worry every six months whether or not Congress will extend Chapter 12 so that their farms and homes will be protected.

"The Consumer Bankruptcy Reform bill not only makes Chapter 12 a permanent part of the bankruptcy code, but reduces the priority of capital gains tax liabilities for farm assets sold as part of a reorganization plan. This will have the effect of allowing cash strapped farmers to sell livestock, grain and other farm assets to generate cash flow when liquidity is vital to maintaining a farm.

"I urge my colleagues to pass the Consumer Bankruptcy Reform Act before the end of this legislative session and make Chapter 12 a permanent part of the bankruptcy code," Brownback said.

The Senate passed a nine month extension of Chapter 12 bankruptcy protection earlier this week, but the House failed to act on this extension before Ch. 12 expired today.